

DEPARTMENT OF TAXATION
ANNUAL REPORT AS REQUIRED BY ACT 213, SLH 2007, SECTION 120
For the Period July 1, 2007 Through November 30, 2007

November 30, 2007

Act 213, Session Laws of Hawaii (SLH) 2007, Section 120, appropriated to the Department of Taxation ("Department") \$25,000 for fiscal year 2008 and \$25,000 for fiscal year 2009 for improving the revenue forecasting accuracy for the Council on Revenues. This Section further provides that the Department of Taxation shall submit a report on those efforts to the Legislature.

Council on Revenues

The Department informed the Council on Revenues of the appropriation granted by Act 213, SLH 2007, Section 120, at the Council's meeting on August 28, 2007. A preliminary discussion was held regarding the requirement of this Act.

Appropriation

The Department intends to expend the amounts appropriated for fiscal years 2008 and 2009 in its efforts to improve the revenue forecasting accuracy for the Council on Revenues. The Department has drafted a request for quotes for services to improve the econometric model, which was subsequently provided to the Council on Revenues. The Council acknowledged the receipt of the draft request for quotes for services to improve the econometric model; no additional comment was provided at the Council's meeting on November 1, 2007.

The expenditures over the two fiscal years are planned as follows:

- \$40,000 for Services to Improve the Econometric Model – The Department has drafted a request for quotes for these services.
- \$5,000 for Econometric Data and Economic Forecast Acquisition, and Conference Attendance by Council Members and Staff – The Department has expended \$1,500 to obtain the UCLA economic forecasts for the United States and for the state of California.
- \$5,000 for Economic Forecasting Software and Computer Hardware Acquisition – Expenditures on computer hardware and software will be necessary for the economic model improvement component of this endeavor.

Summary

Department constantly strive to provide the best support to the Council in fulfilling their duty. The Department is thankful for the support from the Lingle-Aiona Administration and the Legislature in its efforts to improve forecasting accuracy for the Council on Revenues.